Iowa Farm Science

Volume 9 | Number 4 Article 7

10-1954

Farm Outlook

Iowa Farm Science Editorial Board

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THIS YEAR'S CATTLE slaughter will be around 40 million head. This is enough to hold cattle numbers steady or possibly result in a slight reduction in numbers on Jan. 1.

Looking into next year, any liquidation of cattle numbers will be slow. Thus, cattle slaughter should hold near its present level. But it may fall a little short of the 79 or 80 pounds of beef that the average American is eating this year.

Early September feeder cattle prices were $3 above a year earlier; slaughter cattle were a dollar cheaper. If this price relationship continues during the coming year, feeding profits won't be as great in 1955 as were the cattle feeding profits netted in 1954.

For several years, calves have been the best bet for the Corn Belt cattle feeder. But some Corn Belt cattle feeders apparently have forgotten that when cattle sell for less money than the cost of gains, the feeder cattle must be bought enough cheaper to net a profit. Last year was the first time for several years this condition existed.

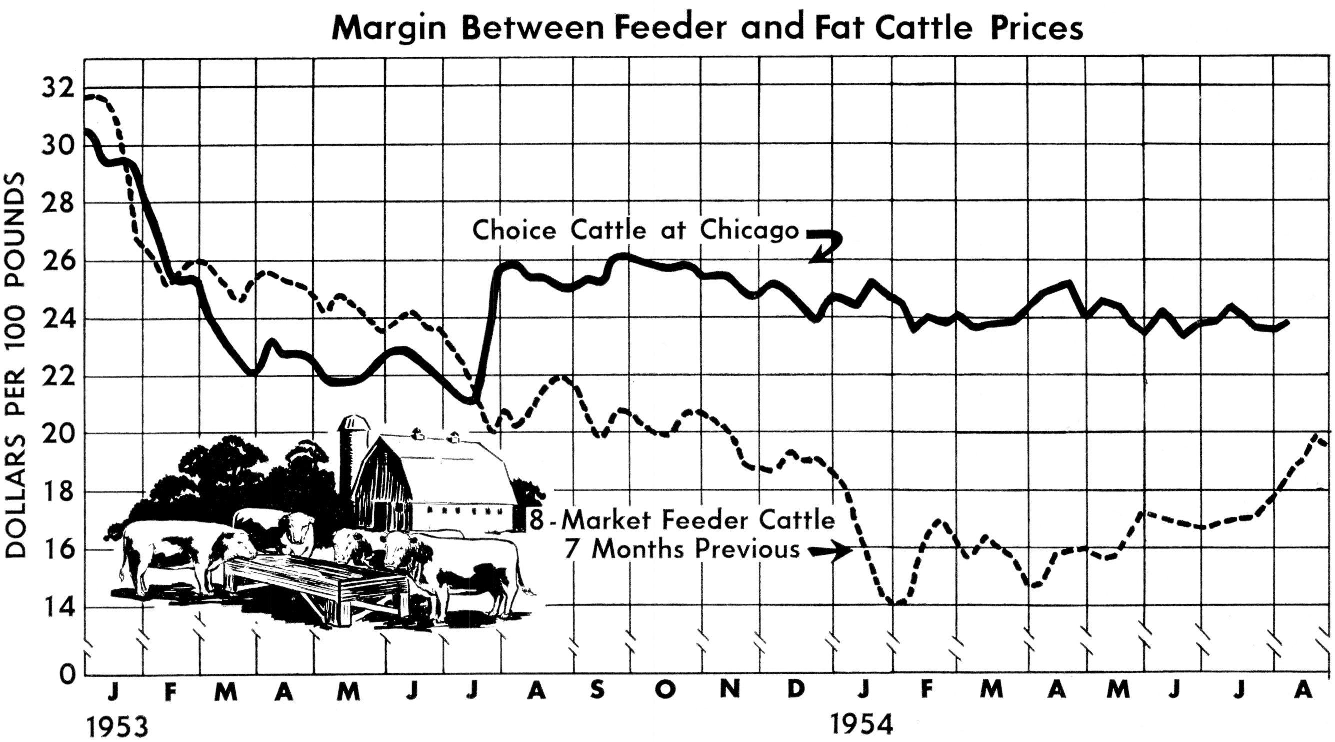
Cattle feeders paid too much for calves relative to the prices of other feeder cattle last fall. And it looks like the same thing is happening again this fall.

Cattle feeding profits were more in the margins during the past year than in feeding for the gains. Costs of gain were high relative to fat cattle prices. The same condition is likely to prevail next year.

Feeders made money last year. So they're willing to buy cattle today at a narrower spread than they would at this time last year. Thus, we're seeing higher prices for feeder cattle despite the lower fat-cattle prices compared with the year earlier.

Hogs . . .

We're in the middle of a period when hog prices are under the



All through the first half of 1953, farmers were selling fat cattle at prices lower than they paid for their feeders 7 months earlier. Then the fat cattle market rose in the latter part of the year. But feeders continued pessimistic about the future and refused to bid up feeder cattle prices. The result: a nice spread between price of fat cattle sold this past spring and cost of feeders last fall.

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heaviest pressure. February and March were the months of the big increase in spring farrowings. These hogs are now moving to market in volume. But the worst of the hog market should be over by the end of October.

The fall pig crop was 8 to 10 percent larger than a year ago. This means that winter sales from January on will be larger than last year.

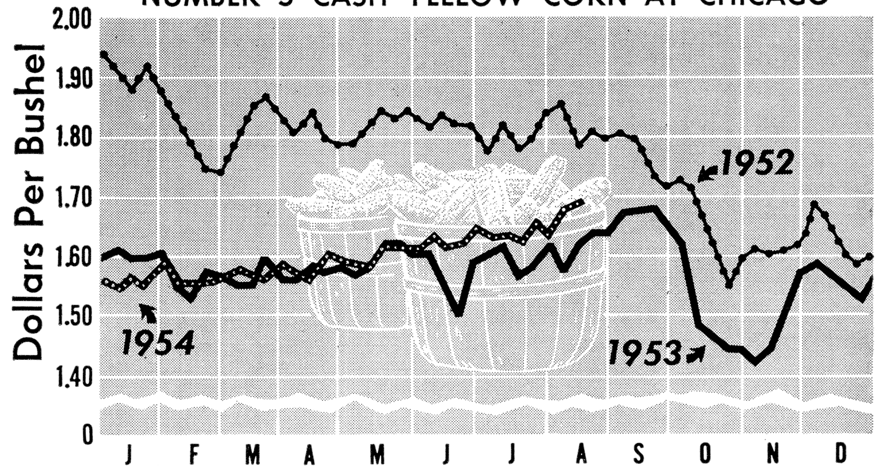
Soybeans . . .

Soybean prices probably will work upward from the harvest low of this fall. But don't look for as sharp a price recovery as we had during the past spring. And the seasonal price peak may come earlier this year. That's what happened in 1952—the last bumper soybean crop year.

Sept. 1 crop prospects pointed to a 325-million bushel crop—in contrast to 262 million bushels last year. Exports are likely to be higher this year. And more bean meal will be needed because of the short cottonseed crop (making less cottonseed meal available).

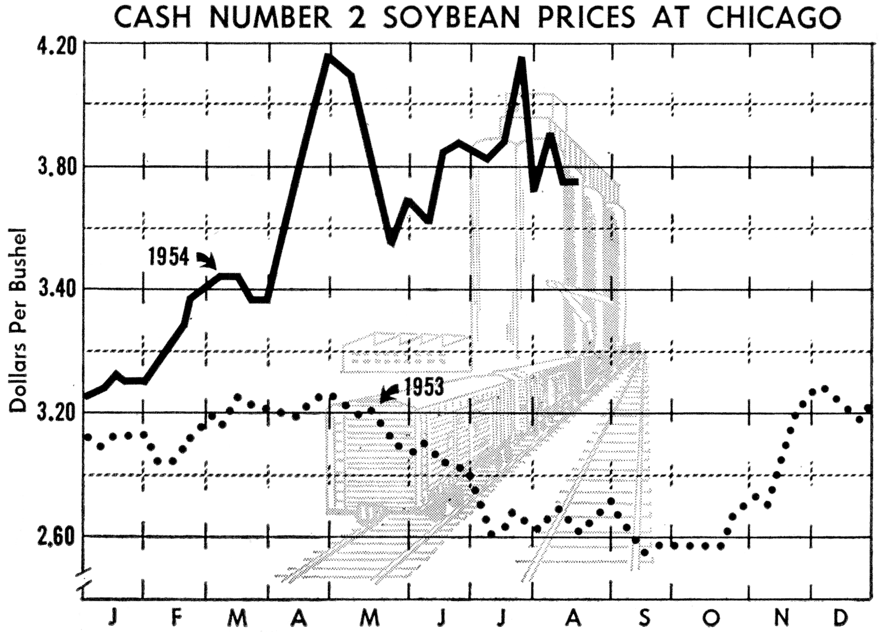
Even so, the supply available will be enough larger to prevent a repetition of last year's spectacular soybean price rise. While prices are expected to recover from the harvest low and make storage profitable, the big risk is that many farmers will overstay the market. Biggest uncertainty in how high soybean prices will go centers around the volume of exports. Last year we shipped 42 million bushels overseas — and would have shipped more, had they been available. The larger the exports, the higher the price.

NUMBER 3 CASH YELLOW CORN AT CHICAGO



Corn prices have averaged higher this summer than a year ago. The reason: The market is adjusting to the smaller 1954 corn harvest. Prices are expected to average higher during the first half of 1955 than during the same period of 1954 due to withdrawal of corn from reserves.

CASH NUMBER 2 SOYBEAN PRICES AT CHICAGO



Soybean prices rose sharply the past winter and spring as the market reacted to the short 1953 soybean crop. This fall's harvest will be sharply larger. So while we expect prices to move upward from the harvest low, they will not work as high as last spring's peak levels.